

## MINUTES – FEBRUARY 28, 2013

The Caswell County Board of Commissioners met in special session at the Caswell County Senior Center in Yanceyville, North Carolina at 3:00 p.m. on Thursday, February 28, 2013. Members present: Cathy W. Lucas, Chair, William E. Carter, Nathaniel Hall, Jeremiah Jefferies and N. Kent Williamson. Absent: Larry G. Hamlett and Kenneth D. Travis. Also present: Kevin B. Howard, County Manager, Brian Ferrell, County Attorney, Gwen Vaughn, Finance Director, Brian Collie, Planning Director and Angela Evans representing The Caswell Messenger. Paula P. Seamster, Clerk to the Board, recorded the minutes.

### MOMENT OF SILENT PRAYER

Chair Lucas opened the meeting with a Moment of Silent Prayer.

Chair Lucas stated “Initially the thought for this meeting today was that it was going to be a retreat but it was soon to be realized that we really did not have enough time to prepare for that purpose so we had issues that were pressing and so we decided since the time was set to go ahead and address those today. The first item on the agenda for discussion is the hiring of a construction litigation attorney. I think everybody got hard copies of that information from two firms that we heard from.”

### DISCUSSION ON HIRING A CONSTRUCTION LITIGATION ATTORNEY

Mr. Ferrell stated “That is right. If you will remember at your last regular meeting we discussed hiring a construction litigation lawyer, someone who practices in this area on a regular basis to assist the County in the evaluation of potential claims related to jail construction and also the handling of the close out of that project.”

(At 3:07 Commissioner Carter entered the meeting.)

Mr. Ferrell continued “So after the meeting of the last meeting I consulted with several construction litigation firms and lawyers who specialize in this area and I am pleased to bring back to you two firms that you see before you: Lewis & Roberts out of Raleigh and Tharrington Smith also out of Raleigh. Lewis & Roberts has offices across the state and particularly Rod Malone at Tharrington Smith would be handling the County’s work in conjunction with this matter for Tharrington Smith and with Lewis & Roberts our primary contact would be Matt Bouchard. Both of these lawyers have an extremely accomplished background in construction litigation. Rod Malone is the primary attorney for the Wake County School System in its construction endeavors and they have done some numbers of billions of dollars in public construction in the last few years and Rod Malone has headed up that effort. He also has some experience litigating construction disputes and Mr. Malone works primarily on behalf of public owners almost exclusively. By contrast, Mr. Bouchard and his firm, Lewis & Roberts, is litigation minded generally, not just for public owners. His firm was attractive to me because they have recently been engaged in litigation over jail construction projects in particular. They have also been successful on the plaintiff’s side on a big recovery for some construction delays related to some DOT projects. The Lewis & Roberts firm has a little bit more varied experience,

that means representing more contractors and sub-contractors than does Tharrington Smith which just has the public owner focus for their firm. I am confident both lawyers would do a tremendous job for Caswell County. I have no reservation about recommending either. I do need to bring to your attention because of Lewis & Roberts varied experience they sometimes represent sureties or bond companies as part of their regular practice. The way that works is you get on or law firms will get on an approved list for insurance companies to come practice and the insurance company may call them in to defend a particular claim. They do have some prior relationships with several of the sureties involved, who have written bonds to contractors on this project. They assured me that they thought they could get conflict waivers. They did not think that it would be an issue in being advocates on behalf of the County exclusively but they did disclose to me that they have done that work before and it is mentioned in this letter that they would have to seek conflict waivers. I don't see that, if the Board thinks that is a good firm, to be of a major concern because once they sign on to represent the County we would be their sole responsibility and their duties would lie to Caswell County. Because they represent so many varied entities there is that potential conflict and Mr. Malone does not have conflicts of that sort because again his focus is on the representation of public owners. I will be happy to answer any questions that you have about these two firms. I do think that either one would do a good job and as you can see in here their fees or their hourly rates are comparable."

Chair Lucas asked "Brian, initially, I need some clarification about what we talked about at the last meeting about what is built into the contract now for damages. Somewhere there is an amount for \$1,000 per contractor that was thrown out there?" Mr. Ferrell responded "There is a liquidated damage provision in each of these multi-prime contracts. The contracts the County has with each of the multi-prime contractors. There is a provision in there if they don't perform their work on their schedule there is liquidated damages of \$1,000 a day. The problem with that is it is one thing to put that into your agreement and to have that provision and it is certainly another thing to collect it so that is one thing that..." Chair Lucas continued "So the collection thing would be the concern?" Mr. Ferrell responded "There is no doubt about it. Nobody is just going to write a check and say oh your right. Most typically are not just going to cough up a big check in liquidated damages without really working through whose responsibility it was for the delays." Chair Lucas asked "But don't they have their surety bonds like we do?" Mr. Ferrell responded "They do have bonds but you have to attach those." Chair Lucas continued "Are they not attached?" Mr. Ferrell responded "I mean when I say attached those, you have to make a claim and that is a legal process." Chair Lucas asked "I guess my question would be why wouldn't we go ahead and pursue that with you initially?" Mr. Ferrell responded "Construction litigation is a very specific area of the law and it is not as easy as writing a letter and saying surety here is your bond, pay the claim. It just doesn't work that way, it is much more in depth than that and once you start the process you need to be prepared to go forward to the full extent of litigation that may be required to recover these things. My recommendation is that you engage a firm to do that and I think that would be typical when you are having a construction dispute for a municipal law generalist like me to engage or to recommend that the Board engage a construction lawyer." Chair Lucas asked "I guess another question would be, what kind of timeframe are we talking about if we do this, either way?" Mr. Ferrell responded "My recommendation is that you move as quickly as possible. Any payments that you make here forward to any contractor a surety can say that that payment was improper and you might have a claim by the surety for improper payment and they might fail to reimburse on that extent. I think

that it is important that you get somebody involved now. That is my recommendation.” Chair Lucas continued “And the thought process is to keep paying vendors?” Mr. Ferrell responded “What I am saying is if we get someone involved now and they help the County make the determination about what to do next as far as payments go.”

Commissioner Jefferies asked “Kevin how much money do we have, on hand, that we have not paid the contractors yet, that we owe them if they have completed the job?” Mr. Howard responded “If they have completed the job and we have paid them what we are supposed to pay them?” Commissioner Jefferies continued “How much money do we have right now that we have not paid them?” Mr. Howard responded “I am not sure how much is outstanding, it is well in an excess of a million dollars still left to pay out in the project.” Chair Lucas asked “You don’t know what is outstanding against the million dollars is that what you are saying?” Mr. Howard responded “No, I don’t know the number off-hand.” Commissioner Jefferies asked “You don’t know the amount of money we have in the bank sitting there?” Mr. Howard responded “Do you know that number Gwen? How much is left still to draw down?” Ms. Gwen Vaughn responded “The bank statement says \$1.4 million and I still have a few draw downs to make.” Mr. Howard responded “\$1.4 million is in the bank right now.” Chair Lucas asked “Gwen what is that draw down for?” Ms. Vaughn responded “That is for two invoices that we have just recently paid.” Mr. Howard added “They were for the electrician.”

Chair Lucas asked “Do we know where we are with the project? What is left to be done?” Mr. Howard responded “There is a letter in your packets from Mr. Brennan, not in this one but the meeting for Monday night. He will be here Monday night to explain all of that. The major things that are left that will hold it up are the muffin monster that needs to be installed because we can’t open up until we have sewer and then the metal band around the building. Those are the two latest things. All the other things should be completed in March probably. Those are the two things that have our time way out.” Chair Lucas stated “You mentioned something about a retaining wall that he is going to speak to us about.” Mr. Howard responded “He may or may not address that at the meeting.” Chair Lucas continued “A retaining wall that was left out?” Mr. Howard responded “Yes ma’am. What they have done is they have put in a stacking block wall but there was nothing in the drawings to determine what type it needed to be and they may need to change that but that is not going to be discussed Monday night. I did find that out.” Chair Lucas asked “Does that have anything to do with the shifting of the building?” Mr. Howard responded “No ma’am. It just has to deal with the site plan which did not include that in the specs.”

Commissioner Hall asked “Brian what is the process with moving forward with the attorney?” Mr. Ferrell responded “The process is once the Board makes a selection they will authorize the manager to essentially enter into an agreement with them.” Commissioner Hall continued “Excuse me I guess my question is before the selection do we need to have a sit down interview or do we need to talk to somebody?” Mr. Ferrell responded “We can invite them here, we certainly can. I have talked with both of them.” Commissioner Hall asked “I was just asking.” Mr. Ferrell responded “The Board can proceed however it wants to proceed. I have identified two firms and I can ask them to come before you. I think they would be willing to do whatever the Board wanted them to do.”

Chair Lucas asked "Did we even talk about mediation or the possibility of mediation?" Mr. Ferrell responded "There is a mandatory dispute resolution in the contracts. With any public contract you have to have a dispute resolution mechanism so that is certainly something that has to be considered." Chair Lucas continued "How would you go about the process of mediation without securing additional legal counsel?" Mr. Howard responded "Well the thought would be that your architectural firm or construction management firm would help you with that process initially." Mr. Ferrell added "If this Board is interested in considering any claims for any issues, things that they left out of the project, delays, liquidated damages, if the Board is interesting in pursuing any of that the best opportunity for a successful claim and recovery is hiring a firm who does this on a regular basis. These contractors litigate these claims all the time. Just about any commercial construction project you look at is going to have a litigation component attached to it. It is just the nature of this work. If the Board is interested in waiting to see if it finishes out within the next few months without any further issues that is certainly an option. I think there is some prejudice that happens the later you wait in the project, the more money you spend, once they invoices keep coming in and you keep paying out, the leverage that the Board may have with the retainages, etc. will be gone essentially. That is just the reality of it. The more you pay out the less leverage you have." Chair Lucas asked "What if we stop paying?" Mr. Ferrell responded "That may be one of your options. Firing some of these people may be an option. I think your..." Mr. Howard stated "That would be an option but that would also, what you are weighing is the chance of recouping costs at the end of the project versus getting the project done in a timely fashion at this point. If we were to fire a contractor or fire the architect there would be additional delays in the project based on having to find somebody else to finish that work." Mr. Ferrell responded "That is absolutely true." Chair Lucas asked "Do you have a preliminary list or some idea of all the issues that we have had problems with?" Mr. Ferrell responded "I think when Mr. Brennan comes he will have a list." Chair Lucas continued "I don't want to depend on Mr. Brennan to give us a list." Mr. Ferrell responded "Well there you go." Commissioner Williamson stated "Well he is supposed to do that anyway because he is the architect. We need to listen to him and hear him out. Even if we go with this we still need to hear him out." Mr. Ferrell responded "Certainly." Chair Lucas responded "I would love to hear from Mr. Brennan. I have been waiting to hear from him." Mr. Ferrell continued "His work does not stop and I don't think the project stops while you have somebody working with you to evaluate what your options are. I don't see it as an impediment to moving the project forward." Mr. Howard stated "If we were to hold payment there is that possibility that the contractors will stop working." Mr. Ferrell responded "That is true. I was not suggesting that any contractor or any contract be terminated or any funds be stopped. My point was the earlier you get somebody involved when there is some money left in the project the better the opportunity the County will have to work through these issues in my view."

Commissioner Carter stated "I agree with the attorney. These people deal with these situations and instead of trying to handle this I think we would be better off to proceed in that route."

Commissioner Williamson asked "Will we be able to recoup some of the lawyers' fees back out of the construction of this project hypothetically if we do find that some of the contractors or the architect firm is at fault?" Mr. Ferrell responded "The legal system generally rules that each party has to bear its own legal fees but I think the bigger question is if there is a recovery of course and whatever the recovery is would offset some of the fees paid. What is the extent of the

recovery at this point? It is unclear to me so I can't tell you that you are going to get your money back if you spend money on a lawyer and that you will recover more than you spend, I can't tell you that."

Commissioner Jefferies asked "Do most of these contractors and architects have building insurance?" Mr. Ferrell responded "Yes, they have professional liability insurance just like I do or accountants or any other professional does, errors and omissions insurance or like a basic malpractice insurance, architects would have that, yes. The other contractors have given performance bonds to secure their work on the contract for the project." Commissioner Jefferies continued "This could be drawn out for four or five years or for as long as they want." Mr. Ferrell responded "The litigation portion of this could potentially last years and years past the jail completion." Commissioner Jefferies stated "I think we are moving too fast on this." Mr. Ferrell responded "I understand that if you want to see how things go. The building will be constructed long before the liability for delays is reconciled. There is no doubt about that."

Chair Lucas asked "We are pretty certain Mr. Brennan will be here Monday night?" Mr. Howard responded "Positive."

Commissioner Carter asked "What timeframe are we looking at now Kevin for completion?" Mr. Howard responded "What he had in his letter that is in your packets for Monday night is including all inspections, punch list, being in by May or operational by May. It could happen quicker than that because actually some things are happening faster than they originally thought. Like they are on site now starting the installation of the muffin monster and the lift station and we were not expecting that until sometime in April." Commissioner Carter asked "Do we have a construction superintendent down there now?" Mr. Howard responded "Yes." Commissioner Carter continued "Who is it?" Mr. Howard responded "Dennis Foster. He has been here the whole time, we had two on site." Commissioner Carter asked "Is he coming Monday night?" Mr. Howard responded "I am assuming he will come with Mr. Brennan."

Chair Lucas asked "How is he being paid currently?" Mr. Howard responded "He works for Brennan." Chair Lucas continued "He works directly for Brennan?" Mr. Howard responded "Yes ma'am." Chair Lucas asked "So we are not paying him?" Mr. Howard responded "No we are not paying him, no ma'am." Chair Lucas asked "Where will the money come from to secure these attorneys?" Mr. Howard responded "The general fund budget." Chair Lucas stated "I think I would like to see a list of all the items that they have questioned as to what they think the cost would be for the delays and I don't know how you would come to a total on some of them such as the time delays but I am sure there is a formula they use for that and try to get a number as to what we feel like our damages are in total to see if it justifies securing additional legal counsel." Mr. Howard responded "We can do that. I may not have that by Monday night but we can put something together. I want to try to get what you want. You want anything that has happened in this project that has cost us extra money that was due to an error or a delay?" Commissioner Williamson stated "And also what we are losing because we are not in it at this time." Chair Lucas responded "Exactly." Mr. Howard responded "We can figure that two ways. One is the actual expenses or the actual cost we have going on that are not being recouped or just by the revenue loss because the revenue loss would have covered all of those expenses as well." Chair Lucas continued "You have the revenue loss plus the additional expense of the personnel."

Mr. Howard responded "The revenue would have covered the additional personnel." Chair Lucas stated "I would have if we would have had it." Mr. Howard continued "That is what I am saying I will show it to you both ways, what it is costing us right now which is less than if it were open but there are costs there and then the cost of revenues." Chair Lucas asked "What is that staff doing right now Kevin?" Mr. Howard responded "They are working in the current jail. They are working different shifts. They are getting work experience."

Chair Lucas asked "Any other questions or comments for Brian?"

#### DISCUSSION FOR UPDATING THE CASWELL COUNTY COMPREHENSIVE PLAN

Mr. Brian Collie, County Planner, stated "Good afternoon. I am assuming that you all received a couple of examples and I am sure that you have not had a lot of time to look through them good. The one for Columbus County and I just got this one the other day but from what I have seen so far it is a pretty good example of a county like ours that does not have zoning. The main push for them to do the comprehensive plan, they adopted theirs in January 2012, was to push for economic development and I think that was the main factor in getting it completed. From what I could tell the only thing mentioned about zoning in it was it states that there is no future plans for zoning unless the citizens want to come before the county and request it. We have already talked about it but I think right now would be a great time to utilize these funds from the Community Transportation Grant. Like I told you it will be up to \$25,000 but we have to act pretty fast. We need to let them know a set yes or no if we want to do this project by March 15<sup>th</sup>. They have written up a pretty good summary if you would like to scroll through it and look at it. A comprehensive plan is defined as a generalized, coordinated land use and policy statement from a governing body that integrates all functions and systems. A comprehensive plan may include transportation, education, recreation, natural resources, air and water quality, housing and public health. If we do accept this project and seek funds from this grant we would have to include a public health section into our comprehensive plan. They have in here that according to the 2011 Caswell Community Health Assessment, nearly two thirds of adults and a third of Caswell County children are overweight or obese. One of the things they have pushed for us to put in here would be access to healthy food, pedestrian and bicycle accessibility, this goes along with the trails program and whatnot. This is kind of putting it on paper in a comprehensive plan to kind of show where the county wants their future to go and how we want to achieve these goals. On top of that the NC Department of Transportation has also recommended that Caswell County update its comprehensive land use plan to help to prioritize projects and to align funding to support those projects. I know we already have a lot of this information as well but we need to have this in the comprehensive plan to show the DOT and to show the public what is a push in our county. Like I said in order to get these funds we have to act pretty fast. Along with Columbus County there is another comprehensive plan from Goldsboro. They recently did a comprehensive plan and those are the pages that were included in theirs for their healthy assessment so that you can see how they incorporated those healthy living techniques in their plan. Of course it will not be the same as ours but it gives you a good idea of what it could include."

Chair Lucas asked "Does basically the same company do the plans or different companies?" Mr. Collie responded "The two I gave you examples of are from Holland Consultants that we are

using to do the UDO. We don't have to use them. They would love to do the project for us. Holland has told me off the cuff that he could probably get it done for \$25,000. That is not a set price, it could be less or it could be more. We could look at other firms. I know that Jesse Day with the Council of Governments has interest in it and I know he has a lot of information from Caswell County from his studies in the past so I think he would be good to give him the opportunity as well." Chair Lucas continued "And Brian it requires a match, is that right?" Mr. Collie responded "No, no match."

Commissioner Hall asked "Brian or Kevin could you just give me the short version of the pros and the cons of doing this? Why should we do it or why shouldn't we do it?" Mr. Collie responded "I don't know of any cons. The money is there." Commissioner Hall continued "It is not about the money." Mr. Collie continued "I don't see any cons." Mr. Howard added "Having an in depth comprehensive plan would just help in the long term, you are basically setting goals for different things that you want to see happen in the county for the next several years so you are taking a big picture look of what is going on here and how you want things to look here in the future." Mr. Ferrell stated "I have been involved in a comprehensive plan and what I would say to you is it is going to take a lot of time. It is going to take a significant amount of time for members of the public to be involved creating the goals and staff time in working on and hiring a consultant would set a lot of that up. It is a real comprehensive effort to get one of these completed."

Chair Lucas stated "And you go through that process again with community involvement with the different communities. We went through that process in 2003." Mr. Ferrell responded "It takes physical time but it is an opportunity for the community to have a lot of input about the future of Caswell County. If you have someone there to guide that process it is a real community effort to get one these things together." Chair Lucas continued "It took well over a year to get that one together. I think we have this on the agenda for Monday night."

Mr. Ferrell stated "Madam Chair if there is nothing else on the agenda for me this evening if you will allow me to excuse myself."

Mr. Howard asked "Do you need Brian to come back Monday night? We did not plan on that in case you have questions." Chair Lucas responded "I don't think it will be necessary."

(At 3:40 p.m. Brian Ferrell and Brian Collie left the meeting.)

#### DISCUSSION OF FY 2013-14 BUDGET PROCESS

Mr. Howard stated "I just wanted to give you an overview of where we are at on next year's budget. If I say something wrong please interject. Basically right now the departments are working on their budgets. The information went out to them about two or three weeks ago. They are working on those now. We have some turned in already for some of the smaller departments but the other will be finishing up theirs and getting them to us towards the end of the month of March."

Chair Lucas asked "Kevin can I stop you there. What specifically do you tell the department heads when you give them this, you have forms that you give out to them, do you give them any kind of directive?" Mr. Howard responded "Basically they are supposed to look at their long range capital needs and short term capital needs, basically a needs list and a wants list. They turn that in to me and I basically have to wade through that and make recommendations to the Board. One thing we talked about this year was capital. We pretty much finished up the other stuff that we have been working on so I asked each department to go through their buildings and kind of assess where they need to make improvements. We will make a priority list basically on what the department heads are asking for. I can pretty much guarantee the list will be longer than what we have the money to do but at least it will give you an idea." Chair Lucas asked "You will get that back when?" Ms. Vaughn responded "March 15<sup>th</sup>." Mr. Howard continued "And then at the end of this month and early April Gwen and I will be meeting with each department head and going through their budget. They will give us explanations on what they are looking at for next year. Our hope as well is to get the prepared recommended budget to the Board the first meeting in May. A lot of that will depend on the sequester that is going on right now. Health and DSS are usually the last ones to get their stuff turned into us because they have to get some idea from the State and Federal levels what kind of monies they will have available for next year. The deadline to get this to you depends on these two departments because they are the ones that can hold us up if we don't have the final numbers from them." Chair Lucas asked "Have we gotten the final numbers from the Health Department for this past year?" Mr. Howard responded "Yes ma'am." Chair Lucas continued "Is everything intact with that, their budget?" Ms. Vaughn responded "I have sent Dr. Moore and Sharon their final numbers and their fund balance. Normally Dr. Moore goes through his and verifies everything to make sure that we are in sync but I have not heard from him yet."

Mr. Howard asked "That is the budget process, are there any questions about that? I know we have on here next short and long term goals, that is to get ideas from the Board and what you are wanting to see. Two areas that I am..." Chair Lucas asked "Let's go back to the budget process, do any of the commissioners have any questions?" Mr. Howard continued "I am not ready to move to that yet. We do have the fund balance numbers that I gave you at the previous meeting if you want to go over those to kind of explain that in more detail. The two areas that I look at as I prepare the budget as far as capital: One is paving needs especially the parking lot in the rear of this building is starting to deteriorate so I will be looking at different paving needs for parking lots or driveways to county buildings. Everything I am looking at is about \$100,000. Then vehicles replacements is something else we are looking at."

Commissioner Hall asked "Madam Chair if we could go back a minute to possible sequester impacts on the Health Department and Social Services. I think it would be good that we stay in touch with departments daily, we should know something by Monday and we really need to start a plan B, don't wait until you get back to us. We need to formalize it and everybody needs to get their heads together and say if this happens these are our options. If it comes to us all we can do is start chopping. We need to really have, at least I would, some in depth discussions with staff understanding what has to happen because when the money runs out it is not negotiable."

Chair Lucas asked "Are there any indications on how they are going to be affected?" Mr. Howard responded "Not in the larger departments. I know from talking with Donna Kopeck at



the Senior Center they are losing some funding for Meals on Wheels. She has been working on her budget preparing for this since November and depending on what they do she thinks she will be okay to finish out this fiscal year as far as continuing what they are doing now. The only other thing I have gotten a specific idea is Emergency Management and that is projects and grant funding and that will not be on what is going on right now. It will be for future projects or future grant sources.” Ms. Vaughn stated “Funding for education may be a factor too.” Commissioner Hall responded “Right. I think it might be a good idea Madam Chair if this stuff is going to happen tomorrow we will have all the weekend to think about it, we should get some type of report Monday night. I would touch bases with all the departments and schools too and find out at least what their thinking is. There is no need for us going down to the final hour.” Chair Lucas stated “So we will make contact with the department heads.” Commissioner Hall added “And the School finance officer and the School Board. Not that we can do a whole lot but we just need to know. We don’t want to be surprised.” Chair Lucas continued “What their concerns are.” Commissioner Hall responded “Right.”

Commissioner Carter asked “I just have a question for Kevin on capital projects. Has everything been completed?” Mr. Howard responded “The only thing left is the HVAC for the courthouse. On the agenda for Monday night I have engineering firms that received the RFQ for your discussion and to see whether you want to hire one and go ahead and move that process forward. The prices I got this time were a lot better than what we had a few months ago when we first looked at them.”

Chair Lucas asked “What is in the capital fund currently?” Ms. Vaughn responded “It is about \$184,000 in the capital fund.”

Commissioner Carter asked “I know that Commissioner Hall was talking about the sequester, what on the state level are you hearing about changes? I know they are talking about doing away with the income taxes and going up on sales tax.” Mr. Howard responded “That would not affect our revenues. Their sales taxes does not have an effect on us unless they decide to take them away but so far I am not hearing anything like that.”

Commissioner Hall stated “For those decisions that have already been made at the State level we need to have those brought forward in the budget process and I know one of them is going to be unemployment. We need to know what the probable impact is going to be.” Chair Lucas added “Medicaid as well.” Commissioner Jefferies stated “I think that Social Services is going to have a big impact on their Medicaid and also they have a client down there that they are paying out so much money. They are hoping he will get on Medicaid or Social Security and he may be reimbursed back to the county. This may need to be explained. They have some things that are happening now that will be affected so it is going to be a pretty tight budget at DSS. I just wanted to throw that at you before it goes too far.” Mr. Howard responded “The one you are referring to, is that a dependent client who the County may have taken over as the guardian and they have not been able to get him on Medicaid or Social Security or anything like that to cover his expenses so that is an expense that the County is carrying each month. We have some funds set aside for that in their budget but it may be more than what they have.” Commissioner Hall continued “And I would hope that you would get with folks over there and talk some in depth about what is going to happen if the Medicaid expansion does not happen and this State has

already voted not to accept it what is that going to do to those people who now get some kind of coverage otherwise from some other funding source that the Affordable Healthcare Act was designed for them to get Medicaid. If we don't get the expansion then there will be a lot of people perhaps in Caswell at Social Services and the cost of taking care of them will be pushed back to the county. We need to have a good feel because I know what happened a couple of years ago with just a few kids on foster care and it wiped out our budget right quick. Any of those kinds of things somebody has to do a pretty good analysis over there. It does not have to be perfect but the Board needs to know what is coming or what could come and they don't have all day to do it."

Chair Lucas asked "Did you include that in the long and short term goals?" Mr. Howard responded "I was asking if there was anything that the Board wanted to bring up. If the Board would come with ideas on things they want to see next year in the budget I would try to work it in there." Chair Lucas continued "I think it will be a short time goal but our Pending List issues, Paula that we have, if we could get that, I guess you update that as you go along but if we could get it updated further because I noticed that there are some things that have been completed and condense that down to what is actually left to give attention to. One other thing that I have a question about and I think I have questioned it previously the possibility of our ordinances being on the website and what the status of our website is?" Mr. Howard responded "We are sending out RFPs right now." Chair Lucas asked "Is there a problem with our ordinances actually being on the website because I have had people ask me that?" Mr. Howard responded "There is two reasons: one we don't have room. That is the problem with our website it is so old we have to take something off to put something new on it. The second is our ordinances are not formatted to go on the website. They would have to all be scanned to go on the website." Chair Lucas stated "The surrounding county websites are more user friendly." Mr. Howard responded "That is the way we are headed, something like Rockingham County." Chair Lucas continued "So how soon will that take place?" Mr. Howard responded "Hopefully very quickly."

Chair Lucas asked "Is there anything being done about a Historic Preservation Program for the county or the town? Are you aware of it?" Mr. Howard asked "Do we need to put one in effect or do we have one?" Chair Lucas responded "Do we have one?" Mr. Howard responded "No ma'am. There are areas that are set up to be historic districts but there is no guiding." Chair Lucas asked "Is there a historic map?" Mr. Howard responded "Actually I have Brian working on that right now. He is gathering information to show which areas in the county that has district districts as well as historic sites."

Commissioner Hall stated "Madam Chair I think one thing that probably needs to happen is in terms of the structure this Board needs to appoint a Historic Preservation Commission and I don't think that request has ever been before this Board, not since I have been around." Chair Lucas asked "Would that be the County's responsibility or the Town's or either/or?" Commissioner Hall responded "I am thinking the County would do it but I have not done a lot of research on it." Mr. Howard added "It would be either/or. If it were in Town it would be the Town that would need to form that commission because their ordinances are different. If it is out in the county it would need to be formed by the county." Commissioner Carter asked "If it falls within an either/or situation would it be both?" Mr. Howard responded "It would be either or. Our ordinances do not apply in the Town unless the Town adopts them."

Chair Lucas asked "Is there anything else you would like to discuss?" Mr. Howard responded "Vehicles for capital." Chair Lucas continued "Specifically for what department?" Mr. Howard responded "We are looking at patrol cars and one ambulance. We have one ambulance that has almost 230,000 miles on it. The rest is certain vehicles are high mileage and old that needs to be replaced. I also wanted to discuss with the Board the possibility of putting together a small motor pool with two or three cars and maybe one van to make available for departments for when they go out of town or even for in county. We will use these vehicles instead of paying mileage. I think in the long term we would save money."

Commissioner Carter asked "Do you have a list of ambulances that are in operation?" Mr. Howard responded "There are 5 ambulances in operation." Commissioner Carter continued "I mean 232,000 is not a lot of miles for a vehicle." Mr. Howard responded "One thing you need to remember is with an ambulance they actually leave the engine running when they are sitting at a call or sitting at other places." Commissioner Carter asked "Is that the one that we put the new motor in it?" Mr. Howard responded "No sir, both of those have around 150,000 miles on them. When they engage park on an ambulance everything is in there running and actually the RPMs are not actually at idle. It goes up to 2,000 RPMs." Commissioner Carter continued "We have 5 that are operable but we only run 3 because we only have staff for 2 or 3 right?" Mr. Howard responded "We staff 3." Commissioner Carter stated "My recommendation is that we staff three." Mr. Howard responded "There is a whole lot more to it." Commissioner Carter continued "If you have 5 ambulances my recommendation would be to use the ones with the least amount of miles and use that one as a spare and not use it as much as the others, if we need to get by without purchasing an ambulance."

Commissioner Jefferies stated "I would like to say something about EMS. The lady from Johnson County, they brought my sister's son on a Dodge van and that thing was a big as one we have out here. It was \$100,000. They had everything built in that thing because I looked. I asked her that night if she would bring it up here once to let this Board look at it. This thing had everything in there that the big ambulances have in it. It is very economical on gas and it cost \$100,000. We need to start looking at some things like this. That thing rode pretty good because I rode in it too. I asked the lady if she would bring it up here for one board meeting so that this Board could look at it." Mr. Howard responded "We could probably get one of the vendors to let us borrow one for us to look at. There are pros and cons on both of them and I can get those for the Board to have further discussions." Commissioner Jefferies continued "This thing had a diesel engine in it too. It was nice." Mr. Howard responded "What we hear from paramedics that are in those vehicles in an emergency situation the vans may not have enough room to actually be able to do what they need to do."

Ms. Vaughn asked "Do they use that type of van for transport mostly?" Chair Lucas responded "They use it for emergencies as well. Orange County uses them."

Commissioner Carter asked "How many patrol vehicles are we looking at?" Mr. Howard responded "Six. I don't have an official request from the Sheriff yet but I was just trying to get an idea."

Chair Lucas asked "Is he using the rotation system that was put into place years ago?" Mr. Howard responded "I don't know. Are you talking about the vehicle rotation system?" Chair Lucas responded "Where he would purchase so many over a period of time and rotate out." Commissioner Hall responded "Last year we got behind."

Chair Lucas asked "Gwen did you want to cover the Fund Balance with us?"

Ms. Vaughn stated "This is the breakout based on how the audit looked for the General Fund, the Committed, the Nonmajor and Enterprise Fund. You will see in the General Fund I have separated that and I have the Public Health included as well. The Health Department's ending fund balance that I submitted to Dr. Moore is \$712,992. The overall for the audit includes all of this but I wanted to give you a breakout for each category. You will notice that the General Fund, the basic General Fund, Fund 100, increased by \$719,000. That was basically due to some Medicaid funding, some costs that we received or reimbursements that we received after the year end that was not expected or not budgeted. That increased our Fund Balance. We also had about \$200,000 added to our budgeted amount for the property tax, for ad valorem tax."

Chair Lucas asked "The \$200,000 is that included in the \$719,000?" Ms. Vaughn responded "Yes it is."

Ms. Vaughn continued "Then I have the breakdown to show the balance for Court Facilities, Register of Deeds, the Library, and each one of these categories. You will notice that the Fund 280, the ARRA, the American Reinvestment and Recovery Act, has a negative number there and that is because we had funds that were reimbursed. We pay out and then we are reimbursed. It has a difference of \$2,930. That fund will balance out to be zero. The School Capital Reserve \$149,264, that is the sales tax for the schools and we use that money to pay the school bond payments, the GO bond." Chair Lucas asked "And there was an increase of about \$29,000?" Ms. Vaughn responded "Yes."

Ms. Vaughn stated "The Special Fire District has a balance of \$83,000 and that is not a true balance because we pay that out to the fire districts and it was paid out in August so it is basically a zero balance there. 911 General Fund at \$382,100 that is the amount that was carried over from the 50% of the 911 funds. Some of that has been expended at this point so that balance will change. It is earmarked to be completely dissolved by the time the 911 center is renovated. The Detention Center balance will be depleted after that is done. You will see at the bottom right under Nonmajor the Special Revenue Funds, Emergency Telephone fund it has a balance of \$208,550 and last year it was \$775,000. That change is due to the money that was moved up to the general fund, the \$382,000 and the funds that were expended in the 911 fund for the last year. The Special Grant fund is strictly for the grants that are in and out, Danville Regional Foundation mostly and those grants are spent in their entirety most of the time during the course of the year. The Revolving Fund at the end of 2012 has \$25,000 and we just did an allocation there." Mr. Howard added "That is the Rural Business fund, we just did a loan out of that." Ms. Vaughn continued "The Capital Projects Fund shows the Scattered Sites and the Building Fund is included there. That needs to be balanced out. The Water & Sewer Fund has \$84,000 in there and there was funds that were appropriated there. I believe that fund is close to \$60,000 now. The Equipment Automation and from 440 and 470 those are fund balances that

are used strictly for the Library and Equipment Automation is for Register of Deeds. Then the Senior Center has a small balance there of \$16,000 and that will be moved out into the General Fund for some expenses that were approved in the 2011-12 budget and that will close out that project all together. The Enterprise Fund shows a balance of available funding \$1,053,452 for Solid Waste and \$182,026 for CATS.”

Chair Lucas asked “When you move back that Senior Center project and close it out that will come by way of a budget amendment right?” Ms. Vaughn responded “Yes it will. Our appropriated fund balance for 2012 is: we started out with some funds from the Health Department. He has Home Health appropriated at close to \$50,000, another part of Home Health is \$79,000 and for WIC the Health Department has appropriated \$129,000. We have some funds that we have appropriated for fund balance from the general fund from the \$6,117,109. Normally when we appropriate funds we usually don’t expend those funds because our budget tends to increase. Our revenues normally exceed our expenditures. So far for the last 5 years we have not had to use any fund balance.” Chair Lucas asked “So what does that work out percentage wise to the overall budget?” Mr. Howard responded “Between 26 and 27%.” Ms. Vaughn added “That would include all of the top section.” Chair Lucas continued “What does Special Revenues include there?” Ms. Vaughn responded “Special Revenues are funds that are the Senior Center for example. They have United Way money and they have funds that the seniors will pay in for a trip. It is a revolving fund where it is paid in and paid out.”

Chair Lucas stated “Anybody have any questions about this report? Thank you for the information Gwen. I think it is helpful to have.” Ms. Vaughn responded “You are welcome.”

Commissioner Hall asked “Have we scheduled a meeting yet with the School Board?” Chair Lucas responded “No we have not. I had a conversation with the chair of the School Board and the sentiment was well we could do it but wanted to know what the outcome would be. I approached her actually and asked her if that would be feasible for us to have a meeting and we both agreed that we needed to. If we could schedule it that would be good and sooner than later I guess.” Commissioner Hall continued “I think we need to schedule one and the question what is the outcome, the outcome would be \$2 million because that is what we have them last year. I think that is worthy of a meeting. I learned some things a couple of weeks ago at the State Steering Committee on education and most of the commissioners in the meeting were not aware of this. The School Boards get funded for resource officers. The State funds them for one resource officer at each high school, I think at the middle schools and for the early colleges. Also it was suggested that we look at these budgets. I don’t know if we have been requesting the School’s budget every year but we need to request their complete budget with the breakdowns and not just what they want from us. What we found in some systems they were taking the money from the State for the resource officers, the State gives it to them but it does not require them to spend it, and they would spend that money somewhere else and go to the County and say we need resource officers.” Mr. Howard responded “They are funding our resource officers. What they are getting from the State I don’t know but they provide the funding for the resource officers at Bartlett Yancey High School and Dillard Middle School.” Commissioner Hall stated “That was just an example. I did not know and several others did not know that their schools were getting funded. Then the question arise about how they are paying for the resource officers. Are they working through the Sheriff’s office or through the County budget office so in our case

how are they doing it?" Ms. Vaughn responded "The schools will send us the funding upfront. Usually we get it at the end of the year, prior year and they work directly through the Sheriff's Office." Commissioner Hall continued "So we work it into the budget?" Ms. Vaughn responded "Yes." Chair Lucas asked "It is like a separate part of our budget right?" Ms. Vaughn responded "It is." Commissioner Carter asked "Does that cover the salary, the cars and the gasoline?" Mr. Howard responded "Actually what we are getting now covers the salaries and benefits." Ms. Vaughn added "I would say it is about 80 to 85% coverage for it." Commissioner Hall stated "It is the other 15% that I am wondering about. The other part from a budget standpoint why do we agree for them to pay us at the end of the year and we pay them all along as we go?" Ms. Vaughn responded "I did not mean that they pay us at the end of the year. The check normally comes at the end of the year for the next year. So I will get the check in June for the upcoming year." Commissioner Hall continued "Oh they pay it in advance?" Ms. Vaughn responded "Yes."

Commissioner Carter asked "How many officers do they pay for?" Ms. Vaughn responded "Two."

Commissioner Hall stated "The other question that I would raise is about the officers at the community college." Chair Lucas stated "We just discussed that." Mr. Howard responded "You funded a 1/2 officer at the community college in this fiscal year." Commissioner Hall continued "Then the next question becomes in a situation like this since the County is the funding source all the liability falls on the County what happens if you have a problem at the community college? This is stuff that we not only need to discuss among ourselves but we also need to discuss with our attorney and with the Community College Board and the School Board." Chair Lucas responded "We should have discussed it when we budgeted for this. That would have been a good time to do it." Commissioner Hall stated "We are starting another budget process so now is the time. That is why I asked if we had set up a meeting because we need to have these discussions now. We have them once a year so now the time has come to start having them." Chair Lucas responded "We can address it Monday night and set a time. Hopefully talk with the School Board chair to see..." Commissioner Hall stated "One of the other things that I have heard is somebody is going to propose a bill and may have already been proposed to teach Reading, Writing and Arithmetic in the schools. It seems that we have kids that can't read, write or do arithmetic. Part of this writing has to do with cursive writing. A lot of these kids don't do cursive. If this happens or any changes as far as the legislature is concerned when it happens there is going to be a cost. At least the School Board is going to say there is a cost." Chair Lucas asked "To teach cursive writing?" Commissioner Hall responded "Yes to teach the basics because most kids can't even sign their name." Chair Lucas asked "What are they doing in school?" Commissioner Hall responded "That is the question." Chair Lucas stated "Hopefully the School Board can enlighten us on this."

Commissioner Williamson asked "Have we ever had a committee between the Schools and the County if nothing else more than a communication committee? Has it ever been suggested?" Commissioner Hall responded "I don't know. It would be a good idea." Commissioner Jefferies stated "It would be good to meet every quarter to discuss things and put things on the table." Chair Lucas stated "That is a good idea." Commissioner Williamson continued "It may not be all the commissioners. It could be just like the Health Board or like the different board we have

around. They would just meet and work out these differences and keep all the boards updated with what is going on with the schools.” Chair Lucas responded “I don’t think this has ever been proposed before. Kevin can you check on the logistics of something like that if there is an example of one. I am not sure if it happens in other counties.” Commissioner Williamson responded “Yes it does happen in other places. Durham County does it. The reason they started doing it is because they were having a lot of problems between the schools and the county. That was another idea to get together.” Chair Lucas asked “Was it court ordered?” Commissioner Williamson responded “No it was not a court order. It was just something that they did to work out the problems that they had. They said it works very well especially at budget time because the commissioners know what is going on in the schools in order to approve the budget.”

Chair Lucas stated “That is something we can certainly talk about in a joint meeting. We will look at a date as far as setting up a joint meeting with the School Board and maybe have some information on it Monday night.”

Ms. Vaughn asked “Madam Chair I do have one question. I would like to know if the Board would like the scans in the iPad again this year for the budget. I guess we can go along and see what you would need additionally as we get through the budget session. So rather than putting it in a notebook put it in the iPad again?” Chair Lucas asked “Any thoughts on that, having your budget information on your iPads versus having it in book form? If we see we need something different we can address it then.” Commissioner Carter stated “Personally I like it in the booklet form.”

Commissioner Carter stated “I know we have talked in the past about the Town of Yanceyville wanted an emergency water line hooked on to the Danville line. With Yanceyville tying on to the line and I think they said they would be inclined to take over the water line. I think we would save about \$8500 a year. I am just talking about the North School line and not the Pelham line. They are two completely different systems. By turning that line over to the Town we would save about \$8500 a year that you are paying for the lab testing and the distribution operator. We only have the school on that line but we pay for that water as it leaves Danville into Caswell County so if anyone gets water off those hydrants or anything we are paying for it. The DOT may be getting water for the seeding and stuff and some of the fire departments or someone else may be getting water from those hydrants. I know if we decide to do that we would need to let the Town know within 6 months of that line being completed so the State can dissolve that county water system if it is turned over to the Town. In other words it would cease to exist or it would go away and the Town would upkeep the line and everything and we would just have the 29 system. It would probably save the County about \$8500 a year.” Chair Lucas responded “It sounds like it has been a lot of discussion about it up to this point.” Commissioner Carter continued “I think it is up to us to decide what we want to do and let the Town know.”

Chair Lucas stated “Write this down. I don’t know if this will be short term or long term or medium term but perhaps the County could look into a Water Sewer Authority to see what is involved in that process.”

Chair Lucas asked “Did somebody mention the possibility of meeting at the Detention Center Monday at 5:00 to do a walk through?” The Board was informed of the meeting.

ADJOURNMENT

At 4:25 p.m. Commissioner Jefferies moved, seconded by Commissioner Williamson to adjourn.  
The motion carried unanimously.

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Paula P. Seamster  
Clerk to the Board

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Cathy W. Lucas  
Chair

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